

CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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The Supply Department of the Chief Directorate of Maritime Construction,
MMF

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1. The Supply Department (Otdel Snabzheniya) of the Chief Directorate of Maritime Construction (GlavmorSroy) of the Ministry of the Merchant Fleet (MMF) is one of several departments in the central Moscow offices of the Glavk.

The Department consists of the following personnel:

Chief	1
Engineers	2
Commodity experts	2
Economist-planners	2
Total	<hr/> 7

The principal tasks of the supply department include:

- (a) Receiving requisitions from peripheral organizations for materials required in the field.
- (b) Drawing up of a consolidated requisition for the required amount of materials needed by GlavMorStroy as a whole and computing the total costs of these materials for the Glavk. This requisition is then transmitted to the Chief Directorate of Materials and Technical Supplies (GlavMorTekhSnab).
- (c) Distributing stocks of materials received from GlavMorTekhSnab among peripheral construction organizations. These stocks are distributed not only by a system of centralized supply, but also through decentralized supply. Centralized supply is carried out by GlavMorTekhSnab, that is the requisitioned materials are released directly to the peripheral organizations of GlavMorStroy by the former. Decentralized supply is carried out directly by the peripheral organizations in the field within the limits of the allotted stocks.

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- 2 -

- (d) Accounting for the expenditure of materials both with respect to quantity and cost.
- (e) Supervision of the practical activities of the supply departments of peripheral organizations.
- (f) Endeavouring to reduce non-liquid assets and stocks of materials in excess of allowances.

3. Non-liquid assets include those materials which are of no practical use to the organization in possession thereof. These materials are usually non-marketable and are not needed in the particular construction organization possessing title, whereas another organization might have critical need of such a commodity. At the same time, the government strictly forbids the sale or barter of materials between organizations. The Minister of the Merchant Fleet has the right to grant special permission for the sale of materials between organizations within the M.F. Since such authorization is very difficult to obtain, some organizations have materials which they absolutely do not need while other organizations are in dire need of these same materials.

4. With respect to stocks in excess of allowances, the following statement should be made. In the USSR a severe shortage exists in the majority of construction materials. Therefore, each business manager in different ways, tries to build up a reserve of deficit materials. However the issuance of materials is scheduled in accordance with the degree to which a project is completed during the various phases of the planning period. For the most part it happens that at the time some material is needed, it is impossible to obtain delivery, even though careful plans had been made. For example, the construction of a building for a steamship agency was planned in the following manner.

1st quarter	-	Excavation work
2nd quarter	-	Foundation, walls, sanitation system
3rd quarter	-	Floors, windows, doors, plastering

Sanitation equipment in the USSR is in exceptionally short supply and the construction manager by some kind of miracle had an opportunity to obtain such equipment in the first quarter. However, he was not allowed to receive delivery of the equipment in the first quarter, because the installation of the sanitation system was scheduled for the 2nd quarter. If the sanitation equipment had been acquired in the first quarter it would have been in excess of allowances. The 2nd quarter drew near but it was then impossible to obtain the sanitation equipment, despite all of the planning which had been done. The construction of the building was delayed until the equipment subsequently was received.

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Next 7 Page(s) In Document Denied